



MEMORANDUM

TO: All Municipal Governments
FROM: Stefanie Vandiver, DHEC
DATE: July 07, 2010
RE: Solid Waste Full Cost Disclosure Report And Public Notice For FY 2010

The Solid Waste Policy and Management Act of 1991 and Full Cost Disclosure Regulation 61-107.2 require that all local governments that provide solid waste management services:

- Publish annually, on or before **October 1**, a notice in a newspaper of general circulation the full cost of its solid waste management services for the previous fiscal year, and
- Submit annual Full Cost Disclosure information to the Department on or before **October 15**.

The completed reports and a copy of the public notice must be postmarked or hand delivered by **October 15, 2010** to:

SCDHEC - Bureau of Land and Waste Management
Office of Solid Waste Reduction and Recycling
2600 Bull Street
Columbia, SC 29201-1708
Phone (803) 896-4229
Fax (803) 896-4001

The information that you provide will be incorporated into the 2010 solid waste annual report. Please be advised that failure to public notice the Full Cost information by October 1, 2010 and to submit the completed reports by October 15, 2010 will make your local government ineligible to receive grants from the Solid Waste Trust Fund.

NOTE: If this notice was addressed to the incorrect individual or was sent to you in error, please notify our office so that we can update our records. **If your government has no solid waste expenses and/or offers no solid waste services, please enter "0" on the enclosed report and explain how garbage, recycling and yard trimmings are handled for your area.**

Enclosures

GUIDANCE DOCUMENT
ON
FULL COST DISCLOSURE

S.C. DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL
BUREAU OF LAND & WASTE MANAGEMENT
OFFICE OF SOLID WASTE REDUCTION AND RECYCLING

Introduction

The South Carolina Solid Waste Policy and Management Act of 1991 (the Act) was designed to address the management of solid waste in the state of South Carolina. The Act requires that any local governments that provides solid waste management services publish annually, **on or before October 1**, a notice in a newspaper of general circulation, the full cost of its solid waste management services for the most recently completed fiscal year. In addition, the Act and Full Cost Disclosure Regulation 61-107.2 require that each local government submit annual Full Cost Disclosure information to the Department **on or before October 15**.

This guidance document has been developed by the SCDHEC to assist local governments in meeting the requirements of the Full Cost Disclosure Regulation.

The complete Full Cost Disclosure regulation can be located at:

http://www.scdhec.gov/lwm/regs/R61-107_2.pdf

The guidance contains a set of reports and procedures, that when properly applied, should provide an accurate accounting of the total costs incurred by waste handling and disposal activities. It should be emphasized that the system is designed to capture all cost associated with waste disposal, including direct and indirect operating costs, financial costs, large capital expenditures and contractual costs.

The immediate objective of the guidance document is to assist local governments in obtaining the information necessary to comply with the reporting requirements contained in the Full Cost Disclosure Regulation.

Local officials may realize several other benefits once the full cost accounting figures are available:

- 1) With the financial data generated by the system, local officials will be able to make informed decisions regarding solid waste management issues;
- 2) Consistent collection of the cost data will allow officials to settle short-term and long-term planning and finance issues;
- 3) The financial data, when made public, can be used to educate the public on the importance of recycling and necessity of improvements in the solid waste management program.

Full Cost Accounting System

The Full Cost Accounting System is designed to determine in an on-going fashion, the full cost of the solid waste management services provided by local governments. The forms in the guidance document provide for the systematic collection of necessary data to determine total cost. The reports in this guidance document are not intended to replace existing accounting procedures presently being utilized by local governments, but are intended to help identify information that needs to be reported.

The Full Cost Disclosure (FCD) packet includes the Full Cost Disclosure Report 1 and the Full Cost Disclosure Report 2 that must be completed and returned to the Department on an annual basis. Seven additional worksheets are provided that may be used to gather the information necessary to complete the required Reports 1 and 2. Two additional checklists are included to determine the level of services provided in your service area. Please return these checklists with Reports 1 and 2.

The accurate flow of data generated by the completion of these reports is entirely dependant on the reliable and timely completion of all of the applicable reports. Failure to complete the reports in a timely manner will result in guesswork and estimates that will not provide the level of accuracy required by the Act. A side benefit of the diligent completion of the reports will be the facilitation of budgeting and decision-making activities resulting from the determination of the actual cost of providing solid waste management services.

Full Cost Disclosure Documents

Reports 1 and 2 must be returned by October 15, 2009 along with a copy of the FCD statement that was published in the local newspaper. **The publication deadline for the FCD statement is October 1.**

Full Cost Disclosure Report 1 (Solid Waste Management Services Total Cost Report) is designed to help local governments uniformly determine the cost per capita for their solid waste operations. There are four (4) operational categories that need to be reported. These are SW Collection, SW Disposal, Recycling and Other.

Full Cost Disclosure Report 2 (Solid Waste Management Services Full Cost Accounting Summary of Costs Report) is designed to reflect the costs of Solid Waste Services incurred by local governments. The report has been organized into four program categories, SW Collection, SW Disposal, Recycling and Other. These categories will assist the Department, local governments and the public in analyzing and comparing where money is being spent by local governments. The costs on Report 2 should reflect the aggregate costs for the local government.

Additional worksheets are available upon request.

Line Item Explanations For Full Cost Disclosure Report 2

Annual Cost of Operations

1. **Wages + Benefits:** Should include salaries and benefits of all employees associated with solid waste activities. For employees who do not work full-time in one of the program categories, their salaries should be apportioned according to their FTE in each sector. This should include the FTE of managers, public work directors and other employees whose time is split with other departments or programs. If needed, use worksheets #1A and 1B. It does not include any personnel accounted for under line 2 "administrative support."
2. **Local Government Administrative Support:** Includes the costs of general local government departments such as personnel, finance and administrative offices that support solid waste programs. Estimates are generally available from finance departments.
3. **Equipment Operation & Maintenance:** Fuel, repair service, parts/supplies, etc. If needed, use worksheet #2.
4. **General Operations:** These costs include all miscellaneous expenses associated with each program such as utilities, office supplies, building maintenance, postage, uniforms, travel expenses, training, publications, etc. If needed, use worksheet #3.
5. **Educational Materials and Activities:** Brochures, promotional items, signs, advertising airtime, etc.
6. **Cash Capital Outlays:** Equipment and other small capital expenditures spent as part of annual operations. Such costs may include bins, small equipment, software.
7. **Lease Payments:** Includes rent for buildings, vehicles, equipment, etc.
8. **Contracted Services:** Any services that are performed under contract such as hauling, collection center operation, HHW collection, etc.
9. **Professional Services:** Fees for consultants and other professional assistance.
10. **Insurance:** Property, fleet and other types of insurance.
11. **Tipping Fee:** Fees paid for garbage disposal or recycling if your local government does not operate its own landfill or MRF. Tipping fees should be separated from collection costs.
12. **Other:** Any program costs not included elsewhere in the table.

Cost of Large Capital Expenditures

13. **Annualized Large Capital Expenditures (such as equipment and transfer stations):** For capital expenditures that are used over multiple years, costs should be divided and apportioned so that each year's budget bears some of the costs (depreciated). Generally, the annual cost of the asset may be determined by dividing the purchase price by its forecast service life. You may be able to get advice regarding annualization from your local government finance office. If needed, use worksheet #4.
14. **Annualized Landfill Development Costs:** These costs apply only for landfills that are in operation during the fiscal year being analyzed. Funds collected during the fiscal year being analyzed but set aside for future landfills should be excluded. Landfill development costs should be

annualized as in line 13. Such costs include planning, environmental investigation, construction, etc. If needed, use worksheet #5.

- 15. Annualized Landfill Closure and Post-Closure Costs:** These costs are included only if landfill is in operation during the fiscal year being analyzed. Landfill closure and post-closure costs should be annualized as in line 13. Such costs include capping, monitoring water quality, landscape maintenance, insurance, etc. If needed, use worksheet #6.
- 16. Cost of Debt Service:** This cost is the annual interest your local government may owe on loans or bonds associated with solid waste management programs. If you do not know the debt service costs, contact your finance office.
- 17. Perform Calculations.**

Revenues

- 18. Sale of Recyclables:** Revenue generated from marketing recyclable materials, landfill gas, energy, etc.
- 19. Equipment Salvage:** Revenue Generated from the sale of old equipment. To avoid sharp changes in your accounting during years that equipment is salvaged, revenues from salvage should be deducted up front from the cost of the equipment before annualizing its value. Salvage may also be accounted for a negative value in line 13 (see worksheet #4).
- 20. Interest Income:** Revenue generated from interest earned on Solid Waste Accounts.
- 21. Grants:** Funds awarded to the local government through grants or FEMA relief.
- 22. Total Annual Revenue:** Perform calculation.

Net Annual Costs

- 23. Net Annual Costs:** Perform calculation.
- 24. –25. Percentage Commercial and Residential by Program Category**
For each program area, estimate what percentage of costs applies to the residential program and what percentage applies to the commercial program.

Unit Costs

- 26. Tons Disposed + Tons Recycled = Total Managed.**
- 27. Total Population.**
- 28 – 29. Calculate as Indicated.**